

ATTACHMENT 8

GTE Press Release, May 6, 1997

WCMC4047



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GTE Announces Initiatives to Become a Leading National Provider of Telecommunications Services -- Will Acquire BBN In Transaction Valued At \$616 Million -- Purchases Fiber-Optic Network From Qwest -- Creates A New National Sales Service and Marketing Company --

May 6, 1997

GTE today announced a series of steps to position itself as a market-leading, national provider of integrated telecommunications services, according to GTE Chairman and Chief Executive Officer Charles R. Lee, including a comprehensive plan to enter the \$100 billion market for value-added data communications services -- the fastest-growing segment of the telecommunications industry.

The actions include the acquisition of BBN Corporation, a leading provider of end-to-end Internet solutions; a strategic alliance with Cisco Systems, Inc. to jointly develop enhanced data and Internet services for customers; and, the purchase of a national, state-of-the-art fiber-optic network from Qwest Communications. Also included is the creation of a new, deregulated unit to market integrated voice, video and data solutions both within and outside GTE's current markets.

"The actions announced today clearly position GTE to have the fastest, most reliable and most secure national network available, enabling end-to-end managed network solutions that we believe will be unmatched in the industry," said Lee.

In detailing its data plan, GTE said the moves announced today will enable it to:

- Develop innovative and value-added communications services to meet customer needs, especially in the fast-growing Internet-services market;
- Create a broadband, national backbone network based on SONET self-healing fiber rings; and
- Rapidly deploy "next generation" value-added services and Internet Protocol offerings.

"Simply put, GTE will become a leading national 'one-stop' provider of local, long distance, Internet and wireless services, and will establish an advanced data network that will be fully operational next year," said GTE President Kent B. Foster. "At that point, we will be in a position to reach virtually the entire U.S. population."

GTE/BBN

Under the terms of the transaction, which was approved by the Boards of Directors of both companies, GTE will shortly commence a cash tender offer to acquire all the outstanding

shares of BBN common stock at a price of \$29 per share. Based on the number of shares of BBN stock currently outstanding, the equity portion of the transaction is valued at approximately \$616 million. As soon as practicable following the conclusion of the tender offer, GTE will initiate a merger through which any remaining shares of BBN not owned by GTE will be converted into cash at the cash tender offer price in the merger.

Cambridge, Mass.-based BBN is a leading provider of high performance end-to-end Internet solutions such as World Wide Web site hosting, network security, consulting, systems integration, and dedicated and dial-up Internet access for government and commercial customers. Its 2,200 employees have extensive experience in leading-edge Internet and other telecommunications applications. Twenty-eight years ago, BBN created ARPANET, the forerunner of the Internet.

"GTE will jump-start its entry into the enhanced Internet services market for large businesses through the acquisition of BBN," said Foster.

George H. Conrades, chairman and chief executive officer of BBN said, "This business combination is a perfect strategic fit. The Internet opportunity, characterized by the convergence of computers and communications, is the fastest-growing economic endeavor in human history. GTE is today declaring its strategic intent to be a **leading player** in this important opportunity, backed up by plans for significant investment and alliances. BBN has been chosen to be the cornerstone of GTE's new strategy. We bring needed Internet skills, a suite of offerings and a business customer base.

"At the same time, we will be able to take advantage of GTE's strong brand image, distribution, network expansion plans and financial resources. Today, no one player in this industry has all the piece parts necessary for customer and competitive success. It's a game of scale and financial resources, as well as specialization and innovation. With this announcement, GTE, with BBN, is off to a great start," Conrades said.

GTE/Cisco

GTE and Cisco announce their intention to jointly develop enhanced internetworking capabilities to power GTE's network. Beyond the network infrastructure, the companies have committed to deliver targeted, turn-key, bundled solutions of applications, equipment installation, maintenance and telecommunication services.

"Cisco is the leading provider of Internet-related networking services. Its skill sets perfectly complement those of GTE, and we are pleased to enter into this long-term, mutually beneficial strategic relationship," said GTE's Foster.

"This combination will create a fundamentally new offering in the marketplace," said John Chambers, president and chief executive officer at Cisco Systems, Inc. "GTE will have leadership capabilities to provide integrated end-to-end services across all layers of the network such as multimedia, quality and security. The relationship will accelerate the deployment of these and other services through the alignment of our core competencies."

GTE/Qwest

Denver-based Qwest Communications Corp. is constructing a fiber-based national backbone network which will be equipped with state-of-the-art opto-electronics. The network will span 13,000 miles, connecting 92 metropolitan areas, including Atlanta, Chicago, Los Angeles, New York, San Francisco and Washington, D.C. In an agreement announced Monday, GTE will acquire 24 dark fibers, and certain associated facilities, in the new Qwest network.

"When completed in 1998, the network will provide the foundation for a myriad of

high-speed data communication services. GTE's network will greatly reduce the high upfront cost of today's private data networks, making advanced data communications more affordable for a greater segment of the population," Foster stated.

"We are extremely pleased with GTE's acquisition of dark fiber on the Qwest network route," said Joe Nacchio, president and chief executive officer of Qwest.

GTE Restructures Telephone Operations.

Creates New National Sales, Service and Marketing Company

As part of the company's plan to capture new growth, GTE restructured its Telephone Operations unit, Foster said.

To move with greater flexibility to capture growth opportunities in the telecommunications marketplace, GTE created an unregulated sales, service and marketing unit to offer an integrated package of local, long distance, Internet and wireless services nationwide, regardless of GTE's traditional market boundaries.

This new unit will operate as a competitive local exchange carrier (CLEC), offering targeted customers premium servicing capabilities and packaged products beyond what is currently available in the marketplace today.

Foster also announced the following realignment of key responsibilities: Thomas W. White, 51, has been named corporate executive vice president-market operations, reporting to Foster. He will assist the GTE president in coordinating the activities of the below-mentioned business units and also will be responsible for leading the company's overall data thrust. White has served as president of GTE Telephone Operations since July 1995.

Also reporting to Foster are the following newly appointed individuals:

- Lew Wilks, 43, has been named president of GTE's new national sales, service and marketing unit. This new retail business unit will offer a bundled package of premium telecommunications services to business and residential customers both within and outside GTE's current franchise areas. Wilks previously served as president, business markets, since July, 1996.
- John Appel, 48, has been named president of GTE's current regulated local exchange operations. Appel will continue work already underway to enhance quality and customer service and to preserve and grow GTE's current in-franchise, regulated business. Appel was appointed to his previous position, executive vice president-Network Operations, in January 1996.
- Jerry Dinsmore, 47, has been named president - Business Development and Integration, responsible for coordination and integration of all marketing, technology, finance, planning and business analysis, and regulatory for the above units. Dinsmore's principal responsibility will be to lead an integrated approach to the marketplace.

Now that these individuals have been named, they will begin to develop transition plans for their respective businesses and assume their new positions on June 1.

GTE's Wireless, Directories and Airfone units will continue to report directly to GTE President Kent Foster.

"The organizations and people now in place will drive our growth in the marketplace in a

powerful way," said Foster.

Background on BBN

BBN is one of the nation's leading providers of Internet access and value-added services for businesses, with annualized revenue of more than \$380 million for BBN's third quarter, announced today. It offers Fortune 1000 companies a complete set of managed Internet services, including high-speed and dial-up access, systems development and electronic-commerce support, network security, and Web hosting services. BBN also provides network-related contract research and development for government and commercial customers. BBN's Internet customers include many of the world's top information technology, manufacturing and financial services companies. BBN's home page address is <http://www.bbn.com>.

Background on GTE

With revenues of more than \$21 billion in 1996, GTE is one of the largest publicly held telecommunications companies in the world. In the United States, GTE offers local and wireless service in 29 states and long-distance service in all 50 states. GTE was the first among its peers to offer "one-stop shopping" for local, long-distance and Internet access services. Outside the United States, where GTE has operated for more than 40 years, the company serves over 6.5 million customers. GTE is also a leader in government and defense communications systems and equipment, directories and telecommunications-based information services, and aircraft-passenger telecommunications.

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ATTACHMENT 9

Quest Form 10-Q, May 6, 1998

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More filings for QWST available from [EDGAR Online](#)

May 6, 1998

**QWEST COMMUNICATIONS INTERNATIONAL INC
(QWST)****Quarterly Report (SEC form 10-Q)****MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF
OPERATIONS****INFORMATION REGARDING FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of federal securities laws, including statements about the Company's plans to complete its approximately 16,250 route mile, coast-to-coast, technologically advanced, fiber optic telecommunications network (the "Qwest Network"), expectations as to funding its capital requirements, anticipated expansion of carrier and commercial services, regulatory and pricing trend projections, and other statements of expectations, beliefs, future plans and strategies, anticipated developments, and other matters that are not historical facts. Management cautions the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by the statements. Important factors that could prevent the Company from achieving its stated goals include, but are not limited to: (i) failure by the Company and LCI International, Inc. ("LCI") to consummate their merger on a timely basis or at all; (ii) failure of the Company to manage effectively, cost efficiently and on a timely basis the construction of the Qwest Network; (iii) failure to enter into additional customer contracts to sell dark fiber or provide high-volume capacity and otherwise expand its telecommunications customer base; (iv) failure to obtain and maintain all necessary rights-of-way; (v) intense competition in the Company's and LCI's carrier and commercial services markets; (vi) the potential for rapid and significant changes in technology and their effect on the Company's and/or LCI's operations; (vii) operating and financial risks related to managing rapid growth and integrating acquired businesses; (viii) adverse changes in the regulatory environment affecting the Company and/or LCI; and (ix) risks of being highly leveraged and sustaining operating cash deficits. For additional information, see "Risk Factors" included in the Company's registration statement No. 333-49915 on Form S-4, and other Company filings with the SEC.

Overview

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The Company is a facilities-based provider of multimedia communications services to interexchange carriers and other communications entities ("Carrier Services") and to businesses and consumers ("Commercial Services"); and it constructs and installs fiber optic communications systems for interexchange carriers and other communications entities, as well as for its own use ("Network Construction Services").

The Company is expanding its existing voice and data network into the Qwest Network. The domestic network is expected to be completed in 1999. In April 1998, the Company activated the entire transcontinental portion of the Qwest Network from Los Angeles to San Francisco to New York, thus becoming the first network service provider to complete a transcontinental native Internet Protocol ("IP") fiber network. The Company is also expanding its network to carry international data and voice traffic into Mexico and Europe. Completion of the Mexico network is scheduled for late 1998. The network extension into Europe will be obtained through the exchange of telecommunications capacity with Tele globe Inc., including two 155-megabit circuits crossing the Atlantic Ocean from New York City to London, and with Global Crossing Ltd. ("Global"), including four STM1s (the European equivalent of OC3 SONET circuits) on Global's subsea fiber optic cable system connecting U. S. cities with Europe. The transatlantic telecommunications capacity supports the Company's growth into the European market.

On March 8, 1998, the Company signed a definitive merger agreement with LCI, a communications services provider. The boards of directors of each company have approved the merger. The terms of the merger agreement call for the acquisition of all of LCI's outstanding common shares and the assumption of all of LCI's stock options by the Company. The purchase price of the all-stock transaction is anticipated to be approximately \$4.4 billion. The merger is intended to qualify as a tax-free reorganization and will be accounted for as a purchase.

On March 30, 1998, the Company consummated its acquisition of Phoenix Network, Inc. ("Phoenix") for \$27.2 million in Company common stock. Phoenix, a non-facilities-based reseller of long distance services, has

approximately 40,000 business customers. Additional cash consideration of up to \$4.0 million is being withheld pending the outcome of litigation to which the Company may have certain potential liability, and as to which final and nonappealable resolution has not been attained. The transaction was accounted for as a purchase.

On April 14, 1998, the Company acquired EUnet International Limited ("EUnet"), a European internet service provider with business units operating in 13 European countries for approximately \$154.4 million in Company common stock and cash. EUnet has approximately 60,000, primarily business, customers throughout Europe. The merger will be accounted for as a purchase.

Carrier Services. Carrier Services provides high-volume and conventional dedicated line services over the Company's owned capacity and switched services over owned and leased capacity to interexchange carriers and other telecommunications providers. The Company is expanding Carrier Services to increase its revenue stream and reduce per unit costs, targeting capacity sales on a segment-by-segment basis as the Qwest Network is deployed and activated, and is increasingly seeking longer-term, high-volume capacity agreements from major carriers. In addition to traditional telecommunications carriers, the Company is marketing to ISPs, electric utility companies and other data service companies.

Commercial Services. Commercial Services provides voice, data and video services to businesses and consumers. The Company builds direct, end-user relationships by developing strong distribution channels, providing competitive pricing and superior network quality and offering enhanced, market-driven services to businesses and consumers.

Revenue from Commercial Services is recognized primarily on a minutes-of-use basis. Commercial Services has generated revenue using four primary sales channels: direct sales, direct mail, agent and telemarketing. In September 1997, the Company entered into an arrangement with a third party under

which they will jointly define and test new broadband business multimedia services.

In April 1998, the Company began expanding its high-speed data networking service offerings. Through agreements with various technology partners, the Company will offer Remote Access VPN on native IP and advanced Frame Relay/ATM services along with Qwest Network.

Network Construction Services. Network Construction Services constructs and installs fiber optic communication systems for interexchange carriers and other telecommunications providers, as well as for the Company's own use. The Company began operations in 1988 constructing fiber optic conduit systems primarily for major long distance carriers in exchange for cash and capacity rights. In 1996, the Company entered into major construction contracts for the sale of dark fiber to Frontier and WorldCom whereby the Company has agreed to install and provide dark fiber to each along portions of the Qwest Network. The Company also entered into two substantial construction contracts with GTE in 1997 for the sale of dark fiber along portions of the route of the Qwest Network. After completion of the Qwest Network, the Company expects that revenue from Network Construction Services will be less significant to the Company's operations.

Revenue from Network Construction Services generally is recognized under the percentage of completion method as performance milestones relating to the contract are satisfactorily completed. Losses, if any, on uncompleted contracts are expensed in the period in which they are identified and any revisions to estimated profits on a contract are recognized in the period in which they become known.

Results of Operations

THREE MONTHS ENDED MARCH 31, 1998 COMPARED TO THREE MONTHS ENDED MARCH 31, 1997

The Company reported a net loss of \$6.6 million in the three months ended March 31, 1998, compared to a net loss of \$4.8 million in the three months ended March 31, 1997. The increase in net loss was primarily due to the factors discussed below. Excluding the effect of the compensation expense relating to the Growth Share Plan, net of income tax, the Company's reported net loss would have been approximately \$5.2 million for the three months ended March 31, 1998 compared to net income of \$3.7 million for the three months ended March 31, 1997.

Revenues. Selected components of revenues for the three months ended March 31, 1998 and 1997, were as follows (dollars in thousands):

	March 31, 1998	March 31, 1997
Carrier services.....	\$ 19,190	\$11,199
Commercial services.....	23,394	9,411
Network construction services.....	134,463	52,083
Total revenues.....	\$177,047	\$72,693

Telecommunication services revenue increased due to increases in revenue from carrier switched services and carrier dedicated line services provided on the Qwest Network. Additionally, commercial services experienced growth in switched services provided to businesses and consumers as a result of continued expansion of the Company's direct sales, direct mail, agent and telemarketing sales channels. Revenue from sales to consumers became more diversified, reflecting the growth in branded dial-l service, the expansion of agent channels that focused on affinity-based marketing efforts and the growth in voice over IP service (Q-talkSM), which was launched in the first quarter 1998. Direct mail marketing efforts continued to be successful. Network construction services revenue increased primarily due to revenue from dark fiber sales to GTE and other carriers under contracts entered into subsequent to the first quarter 1997.

Operating Expenses. Selected components of operating expenses for the three months ended March 31, 1998 and 1997, were as follows (dollars in thousands):

	March 31, 1998	March 31, 1997
Telecommunication services.....	\$ 32,695	\$18,063
Network construction services.....	93,117	36,265
Selling, general and administrative.....	44,423	13,947
Growth share plan.....	2,301	13,100
Depreciation and amortization.....	8,031	3,962
Total operating expenses.....	\$180,572	\$85,337

Expenses for telecommunications services primarily consist of the cost of leased capacity, Local Exchange Carrier ("LEC") access charges, engineering and other operating costs. The growth in telecommunications services expenses was primarily attributable to the continued growth in switched services and network engineering and operations, partially offset by an increase in on-net traffic over the Qwest Network. As the Qwest Network is completed and activated, the Company is able to serve more customer needs over its own capacity.

Expenses for network construction services consist primarily of costs to construct the Qwest Network, including conduit, fiber cable, construction crews and rights of way. Costs attributable to the construction of the Qwest Network for the Company's own use are capitalized. Expenses for network construction services increased due to costs of construction contracts relating to increased dark fiber sales revenue.

SG&A includes the cost of salaries, benefits, occupancy costs, commissions, sales and marketing expenses and administrative expenses. The increase was due primarily to increases in expenses related to the Company's direct mail sales program, the marketing of the Company's new brand identity and new service offerings, administrative and information services support of the Company's growth, the recruiting and hiring of additional personnel and increased property taxes and maintenance costs related to the increase in fixed assets along the Qwest Network. SG&A is expected to increase as the Company opens commercial sales offices in selected major geographic markets to implement the Company's strategy, as segments of the Qwest Network become operational. In addition, SG&A expenses will increase as the Company continues to expand its Carrier and Commercial Services and recruit experienced telecommunications industry personnel to implement the Company's strategy.

The Company has a Growth Share Plan for certain of its employees and directors, which was the Company's management incentive plan prior to the initial public offering. Growth Share Plan expense reflects the Company's estimate of compensation expense with respect to the Growth Shares issued to participants. A "Growth Share" is a unit of value based on the increase in value of the Company over a specified measuring period. The Company anticipates total additional expense of up to approximately \$21.1 million through the year 2002 in connection with this plan. The Company does not anticipate any future grants under the Growth Share Plan.

The Company's depreciation and amortization expense increased primarily due to activating segments of the Qwest Network during the three months ended March 31, 1998, purchases of additional equipment used in constructing the Qwest Network, purchases of other fixed assets to accommodate the Company's growth and amortization of goodwill related to the SuperNet acquisition. The Company expects that depreciation and amortization expense will continue to increase in subsequent periods as the Company continues to activate additional segments of the Qwest Network and amortizes goodwill recorded from acquisitions.

Other Income (Expense). Selected components of other income (expense) for the three months ended

March 31, 1998 and 1997, were as follows (dollars in thousands):

	March 31, 1998	March 31, 1997
Interest expense, net of capitalized.....	\$ (14,376)	\$ (984)
Interest income.....	8,074	680
Other income (expense), net.....	--	5,714
Total other income (expense).....	\$ (6,302)	\$ 5,410

The increase in net interest expense resulted from an increase in interest on long-term indebtedness, related primarily to the 10 7/8% Notes, the 9.47% Notes and the 8.29% Notes (see "Liquidity and Capital Resources" below), partially offset by increases in capitalized interest resulting from construction of the Qwest Network. Interest income increased due primarily to increased cash equivalent balances.

Pursuant to a capacity sale in 1993, the Company obtained certain rights of first refusal to re-acquire network communications equipment and terminal locations including leasehold improvements should the purchaser, under that agreement, sell the network. In the three months ended March 31, 1997, the Company sold certain of these rights to the purchaser in return for \$9.0 million in cash and the right to re-acquire certain terminal facilities, \$7.0 million of which the Company received in the three months ended March 31, 1997 and recorded as gain on sale of contract rights.

The Company sold a portion of its dedicated line services on leased capacity in July 1996. During the transition of the service agreements to the buyer, the Company incurred certain facilities costs on behalf of the buyer, which were to be reimbursed to the Company. A dispute arose with respect to the reimbursement of such costs and, as a result, the Company made a provision of approximately \$2.0 million in the three months ended March 31, 1997. No such items of other income or expense occurred in the three months ended March 31, 1998.

Income Taxes. The Company is included in the consolidated federal income tax return of Anschutz Company (the "Majority Shareholder"). A tax sharing agreement provides for allocation of tax liabilities and benefits to the Company, in general, as though it filed a separate tax return. The Company's effective tax rate during the three months ended March 31, 1998 and 1997 approximated the statutory federal rate.

If the LCI merger is consummated, the Company will no longer be included in the consolidated federal income tax return of its Majority Shareholder. As a result, the net operating losses for income tax purposes of the Company, included in the consolidated federal income tax returns of its Majority Shareholder from January 1, 1997 through the consummation date of the LCI merger, will not be available for use by the Company in its separate tax returns after the LCI merger. The Company recognized a deferred tax asset because it believed that the tax benefits attributable to its net income tax operating loss carryforwards would be realized by the recognition of future taxable amounts under the terms of its tax sharing agreement with its Majority Shareholder. Based on an analysis of the tax attributes of the Company and its Majority Shareholder, the Majority Shareholder will not be able to realize the benefit of the Company's net operating losses. Accordingly, the deferred tax assets attributable to the Company's net operating loss carryforwards, calculated on a separate return basis, will be reported on the consummation date of the LCI merger as an adjustment to the Company's capital in the form of an in-substance dividend.

LIQUIDITY AND CAPITAL RESOURCES

Prior to March 31, 1997, the Company funded capital expenditures, debt service and cash used in operations through a combination of stockholder advances, capital contributions and external

borrowings supported by collateral owned by the Majority Shareholder or affiliates, as well as external borrowings collateralized by certain of the Company's assets. Since March 31, 1997, the Company has funded capital expenditures and long-term debt repayments primarily through net proceeds from the issuance of debt and equity securities aggregating approximately \$903.6 million. The Company also received net proceeds of \$299.2 million from the issuance of the 8.29% Notes in January 1998. The Company intends to finance its operations in the future through internally and externally generated funds without relying on cash advances, contributions or guarantees from the Majority Shareholder.

Total cash expended during the three months ended March 31, 1998 to fund capital expenditures and repayments of long-term debt to third parties was \$142.1 million and \$19.4 million, respectively. Total cash provided by operations was \$53.5 million during the same period. As of March 31, 1998, the Company had working capital of \$568.9 million resulting primarily from the issuance of the 8.29% Notes in January 1998.

The Company estimates the total cost to construct and activate the Qwest Network and complete construction of the dark fiber sold to Frontier, WorldCom and GTE will be approximately \$2.0 billion. Of this amount, the Company had already expended approximately \$1.0 billion as of March 31, 1998. The Company anticipates remaining total cash outlays (including capital expenditures) for these purposes of approximately \$750 million in 1998 and \$235 million in 1999. Estimated total Qwest Network expenditures for 1998 include the Company's commitment to purchase a minimum quantity of fiber for approximately \$399.0 million (subject to quality and performance specifications), of which approximately \$287.0 million had been expended as of March 31, 1998. Estimated total expenditures for 1998 and 1999 together also include approximately \$92.0 million for the purchase of electronic equipment. In addition, the Company anticipates approximately \$557.0 million of capital expenditures in 1998 and 1999 to support growth in Carrier Services and Commercial Services.

As of March 31, 1998, the Company has obtained the following sources of funds which are available to complete the build-out: (i) approximately \$1.2 billion under the Frontier, WorldCom and GTE contracts and additional smaller construction contracts for sales of dark fiber, of which approximately \$575.0 million had already been received and \$625.0 million remained to be paid at March 31, 1998; (ii) \$90.0 million of vendor financing; (iii) \$242.0 million in net proceeds from the sale of the 10 7/8% Notes, of which approximately \$124.4 million was used to pay down certain existing debt, (iv) \$342.1 million in net proceeds from the sale of the 9.47% Notes; (v)

\$299.2 million in net proceeds from the sale of the 8.29% Notes and (vi) approximately \$319.5 million in net proceeds from the IPO. The Company believes that its available cash and cash equivalent balances at March 31, 1998, and cash flow from operations will satisfy its currently anticipated cash requirements at least through the end of 1998.

In January 1998, the Company issued its 8.29% Notes, generating net proceeds of approximately \$299.2 million, after deducting offering costs. The 8.29% Notes will accrete at a rate of 8.29% per annum, compounded semiannually, to an aggregate principal amount of \$450.5 million by February 1, 2003. The 8.29% Notes mature on February 1, 2008. The 8.29% Notes are redeemable at the Company's option, in whole or in part, at any time on or after February 1, 2003, at specified redemption prices. Cash interest on the 8.29% Notes will not accrue until February 1, 2003, and thereafter will accrue at a rate of 8.29% per annum, and will be payable semiannually in arrears commencing on August 1, 2003 and thereafter on February 1 and August 1 of each year. The 8.29% Notes indenture contains certain covenants that, among other things, limit the ability of the Company and certain of its subsidiaries (the "Restricted Subsidiaries") to incur additional indebtedness and issue preferred stock, pay dividends or make other distributions, repurchase capital stock or subordinated indebtedness, create certain liens, enter into certain transactions with affiliates, sell assets of the Company or its Restricted Subsidiaries, issue or sell capital stock of the Company's Restricted Subsidiaries or enter into certain mergers and consolidations.

In connection with the sale of the 8.29% Notes, the Company agreed to make an offer to exchange new notes (the "Exchange Offer"), registered under the Act and with terms identical in all material respects to the 8.29% Notes, for the 8.29% Notes or, alternatively, to file a shelf registration statement under the

Act with respect to the 8.29% Notes. In April 1998, the Company filed a registration statement with respect to the Exchange Offer. If the Exchange Offer registration statement is not declared effective within specified time periods or, after being declared effective, ceases to be effective during specified time periods (a "Registration Default"), additional cash interest will accrue at a rate per annum equal to 0.50% of the principal amount at maturity of the 8.29% Notes during the 90-day period immediately following the occurrence of a Registration Default and increasing in increments of 0.25% per annum of the principal amount at maturity of the 8.29% Notes up to a maximum of 2.0% per annum, at the end of each subsequent 90-day period until the Registration Default is cured.

In October 1997, the Company issued and sold its 9.47% Notes, generating net proceeds of approximately \$342.1 million, after deducting offering costs. In February 1998, the Company completed an exchange of identical notes, registered under the Act, for all of the 9.47% Notes.

In April 1995, the Company entered into a secured construction loan facility used to fund certain conduit installation projects. The outstanding balance of \$10.9 million at December 31, 1997 was repaid in February 1998.

Recent Filings: [Aug 1997 \(Qtrly Rpt\)](#) | [Nov 1997 \(Qtrly Rpt\)](#) | [May 1998 \(Qtrly Rpt\)](#)
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ATTACHMENT 10

GTE Analyst Conference Slide Presentation, June 2, 1998.

Butch Bercher
President -
GTE Communications Corporation

WCMC4061

Priorities

Move GTE from a multi-region to a national company by

/// Developing a national distribution and service capability

resulting in

/// New revenue sources

/// Increased revenue per customer

/// Lower customer churn

Seize Window of Opportunity!

Key Strategies

- /// **Target communications intensive customers**
 - **Consumer**
 - **Small business**
 - **Large business**
- /// **Shift customer value proposition**
- /// **Differentiated national service platform**
- /// **Develop robust distribution channels**
- /// **Commercialize data capabilities**
- /// **Fully utilize existing GTE assets**

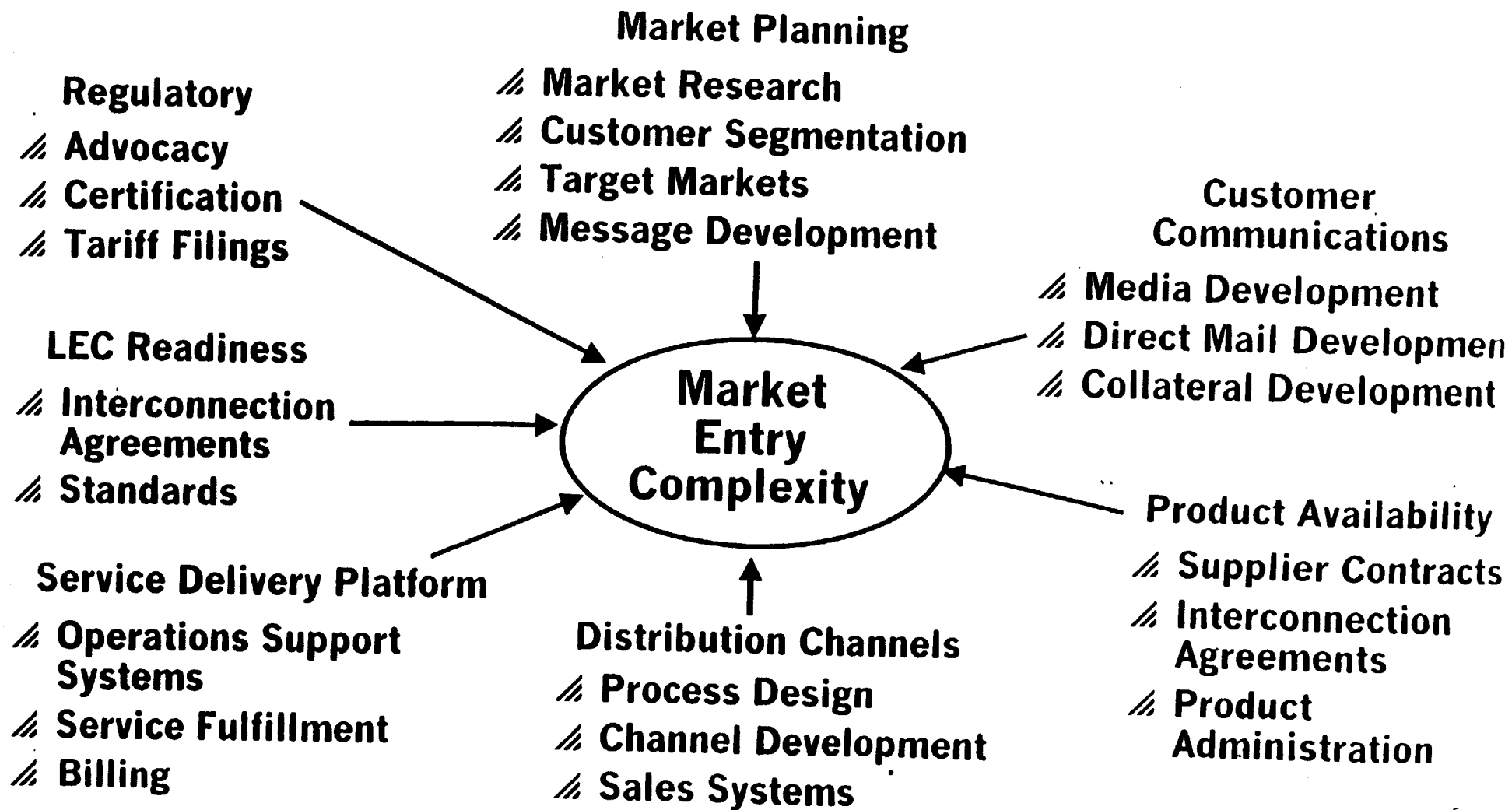
Fully Utilize Existing GTE Assets

Utilize existing GTE assets where possible and appropriate to minimize incremental investment

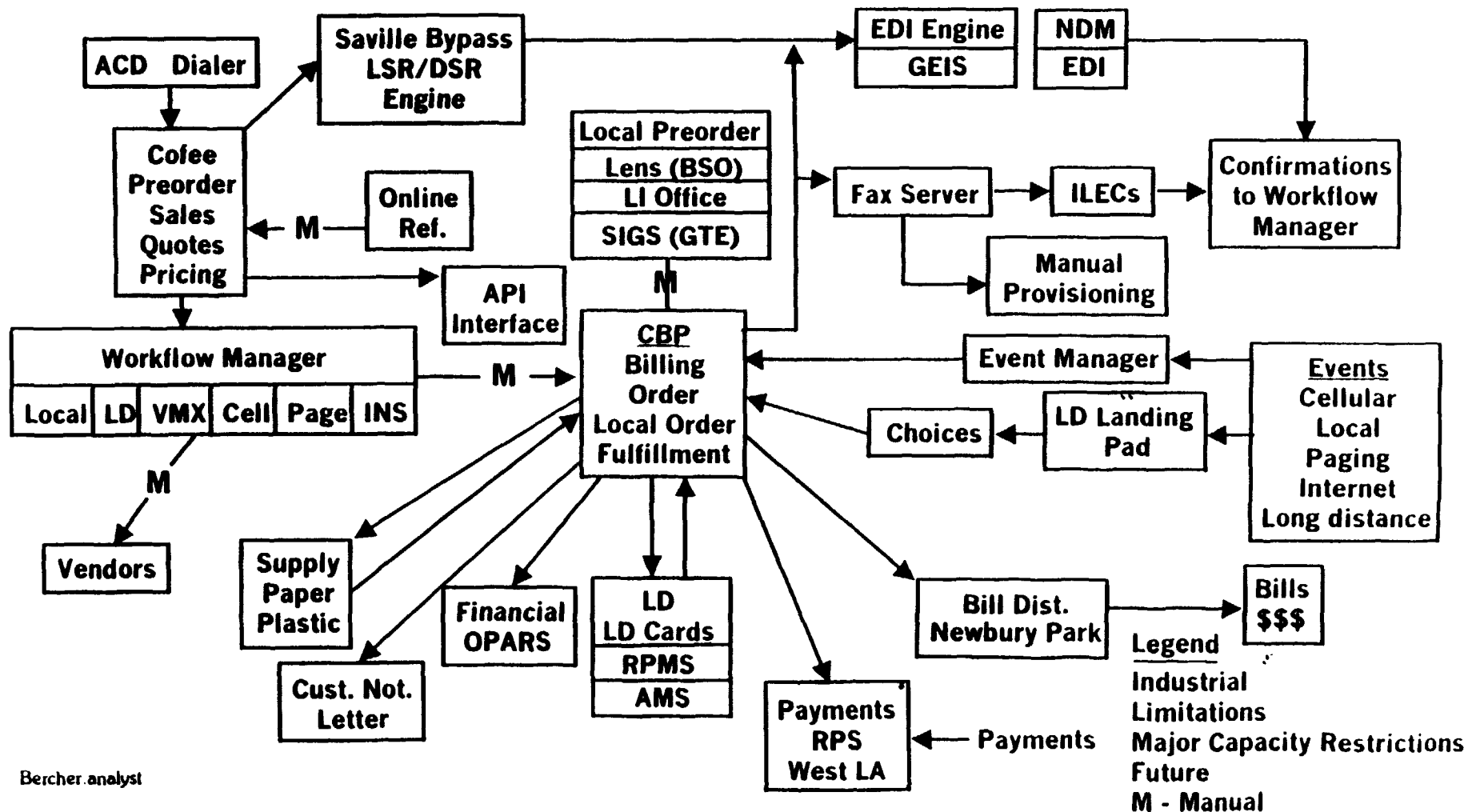
/// Utilize GNI as backbone

/// Upgrade wireless switches for wireline

/// Utilize telecom network



Consumer Process Flow



GTE Long Distance Status

/// Customers

– Current	2.1M
– Year-end projection	2.7M

/// Residential/Business %

– Current	90%/10%
– Year-end projection	90%/10%

/// Penetration (in-franchise)

– Current (bus/res)	8%/13%
– Year-end projection (bus/res)	9%/16%

/// Substantial traffic migrated to GNI by the end of 1999

By the end of 1998, GTE Communications will:

- /// More than double our current CLEC customer base**
- /// Add over 1.1 million new customers**
- /// Generate over \$1 billion in revenue to GTE**

Closing Message

**GTE will be the premier
nationwide full service
Telecommunications Company**

WCMC4069

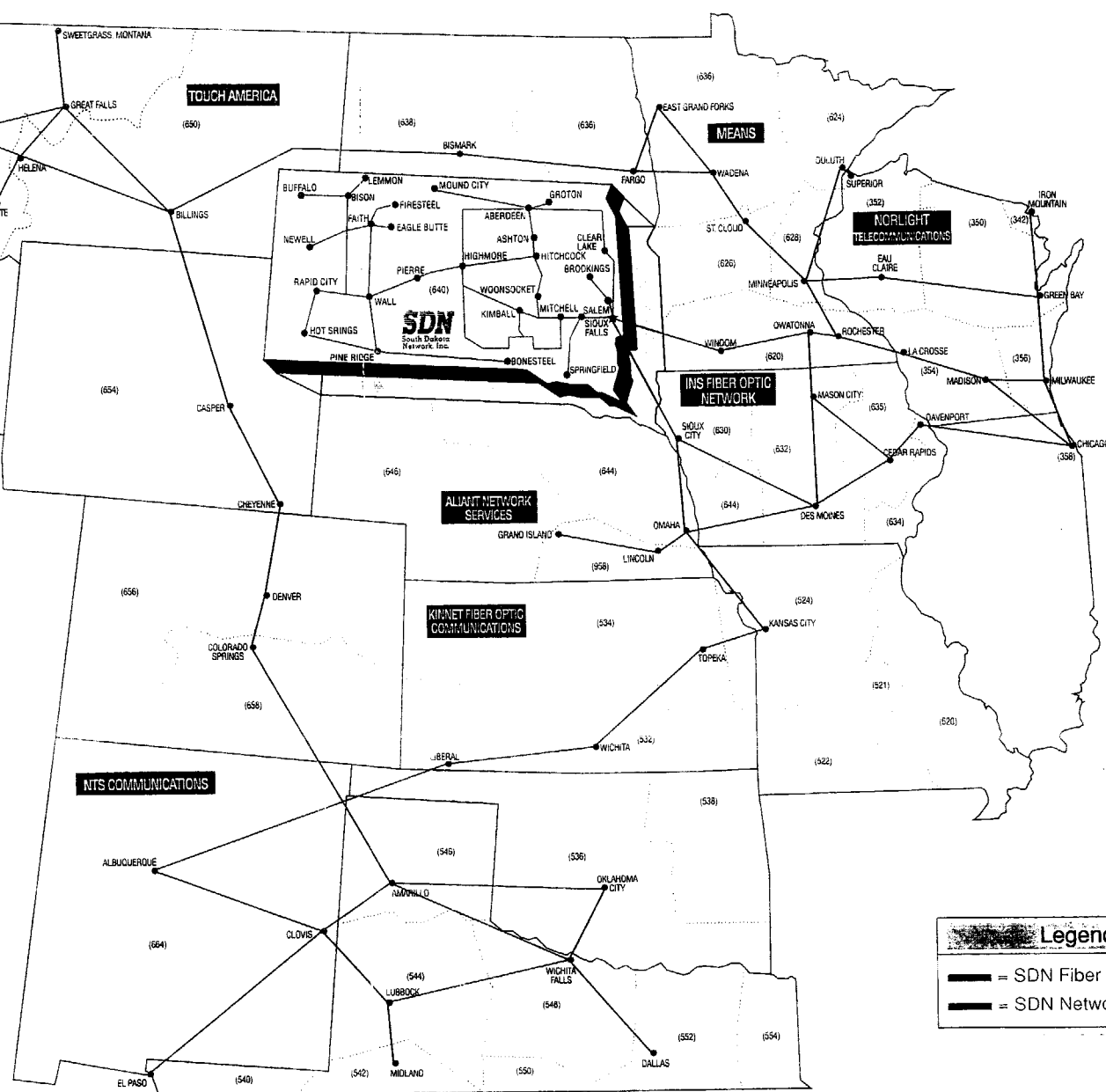
ATTACHMENT 11

Regional Network Map, South Dakota Network, Inc.

Regional Network Map



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Legend

— = SDN Fiber Network
— = SDN Network Affiliates